

Steven L. Beshear
Governor

Leonard K. Peters, Secretary
Energy and Environment
Cabinet



Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Charles R. Borders
Commissioner

NEWS RELEASE

Contact:
Andrew Melnykovich
502-564-3940, ext. 208
502-330-5981 (cell)

PSC Issues Action Plan in LG&E/KU Customer Service Audit *Sets framework and timetable for needed improvements*

FRANKFORT, Ky. (Nov. 10, 2011) – The Kentucky Public Service Commission (PSC) has released the detailed action plan outlining how Louisville Gas and Electric Co. (LG&E) and Kentucky Utilities Co. (KU) will make needed improvements in customer service.

The document is the companies' response to an independent consultant's study which found numerous shortcomings in customer service functions ranging from meter reading to call center operations. The study, known as a focused management and operations audit, made specific recommendations to correct the problems.

After the study was completed, the consultant met with the two utilities to develop the action plan. LG&E and KU have accepted all of the recommendations made in the audit, which was conducted by The Liberty Consulting Group on behalf of the PSC.

"We are pleased that KU and LG&E have recognized the need to improve their customer service," PSC Chairman David Armstrong said.

"This plan sets out specific corrective measures and a timetable for their implementation," Armstrong said. "The PSC will monitor the process closely and looks forward to seeing LG&E and KU customers receive the level of service they deserve."

LG&E has about 396,000 electric customers in nine counties in and around the Louisville area and 320,000 natural gas customers in 21 counties. KU has 515,000 customers in 77 Kentucky counties.

Liberty's audit found that customer service at LG&E and KU has declined in recent years, especially following the 2009 switch to a new computer system for billing and other customer functions. As service declined, so did customer satisfaction, the auditors said.

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Liberty made a number of recommendations in the report, including:

- The utilities should adequately staff their call centers, which have experienced high turnover in recent years. The audit noted that LG&E and KU are boosting staffing by filling existing vacancies and adding 50 jobs at a new call center in Morganfield.
- Change hiring and work practices to improve retention of call center employees.
- Improve the new computer system to make it more user-friendly and discontinue the practice of asking customers for their Social Security numbers.
- Make changes to meter reading and other services to improve billing accuracy.
- Change the disconnection policy to make it more consistent and reduce large back bills. The utilities began implementing these changes in August.
- Place a higher priority on quality customer service in strategic planning and budgeting.
- At every management level, place a greater emphasis on the quality of customer service, with increased reliance on the employees who deliver services and less on technological solutions.

The action plan lists each recommendation in the report, followed by a detailed response from the utilities stating how it will be implemented. The action plan notes that KU and LG&E have begun acting on a number of the recommendations, with some changes coming prior to the completion of the audit.

LG&E and KU are required to provide the PSC with periodic reports on the implementation of the action plan.

Both the action plan and the audit report are available on the PSC website. The action plan is here:

http://psc.ky.gov/agencies/psc/M_Audit/LGE_KU_CS_Audit_Action_Plan_Final.pdf and the

audit report is at:

http://psc.ky.gov/agencies/psc/M_Audit/KU%20LGE%20Final%20Report%20with%20Letter.pdf

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 100 employees.